

THE U.S. COIN COLLECTOR

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WHY SLABS DON'T AND WON'T WORK AS A PROFITABLE INVESTMENT MEDIUM

BY RAY MERCER

[Editor's note: The following article may shock you. If it does, then it will partially have served its purpose. And if it further shocks you into some action, then it will have served the rest of its purpose.]

It is written by Ray Mercer, a long-time dealer and a personal friend of mine. I first met Ray at the ANA Midwinter Convention in Little Rock, Arkansas in 1988. At first, I was taken aback by his brash style, but soon came to realize that Ray was a real treasure in the world of numismatics.

He combines five elements that are truly rare (in combination) in numismatics:

- a brilliant intellect,
- an impressive first-hand knowledge of the inner workings of numismatics,
- over 20 years of experience,
- a sharp wit, and
- the total willingness to tell the truth as he sees it.

All of this leads to incredibly keen insights. Anyone who has the opportunity to listen to Ray for an hour and take his messages to heart will gain knowledge equivalent to a year or more of intense studying of numismatics.

Ray is President of the Society for U.S. Commemorative Coins and has given selflessly of himself to that club since its formation eight years ago. In addition, he is one of the foremost authorities (if not the foremost authority) on the grading of U.S. commemorative coins and is the author of the Buyer's Guide to the Grading and Minting Characteristics of U.S. Commemorative Coins. (Two of the planned four volumes have been published to date.)

If you want more exposure to Ray Mercer, see his article in Issue #4 of The U.S. Coin Collector (page 11), which was reprinted from The Commemorative Trail, as well as a "Collector Profile" on Ray in the August 29, 1990 issue of Coin World (page 32).

Finally, if you have comments on Ray's observations in this article, he wants to hear from you. Send your comments to me (c/o NCCA headquarters), I will forward them to Ray, he will

respond, and I will publish your letters and his responses in the September 1991 issue of The U.S. Coin Collector. (Please get your letters to me no later than July 15.)

, And so, without further ado, a "worth its weight in gold" education on slabs, a la Ray Mercer.]

From 1981 to 1987, it was my pleasure to write for Jim Iacovo's Numismatic Investment Journal. Although this publication was far from perfect, I still personally believe it to be the most honest and revealing numismatic newsletter that ever hit a mail box. During my time with this novel periodical, both Jim and I took on more than one of our "industry's" sacred cows, and "slabs" ended up fitting very nicely on our butcher block, thank you very much.

Back in 1986, I expressed the opinion that slabs were not the answer to our industry's grading/investment problems and predicted that their promotion would ultimately end in tremendous losses for both dealers and investors alike. I warned that coins would still be overgraded and/or overpriced. I went on to report that collecting and/or "investing" (a.k.a. "speculating" ... a far more accurate description, I might add) in coins was NOT for everyone.

My final suggestion was that there is only one real safeguard against disaster when buying coins ... building your own arsenal of knowledge. If this personal store of munitions is composed of the mental equivalent of BB guns and rubber tomahawks, instead of cruise missiles and stealth bombers, I don't suggest you go to war with the coin industry. You're going to lose every time.

The reason behind my lack of faith in "slabs" hasn't changed much over the last five years. In fact, what has transpired with time has only gone on to confirm my basic distrust for what I truly believe is an intellectually dishonest and financially corrupt system. Of course, I fully realize this statement will coax a chorus of indignant howls from some quarters, but I will defend myself with the ultimate weapon ... a valid

explanation.

Shall we dance? ...

"What happens to a coin during the raw-to-slabbed conversion process?" or "A funny thing happened on the way to the investment portfolio."

First of all, it is important that we understand the essence of slab life....

Rule #1. "As a slab dealer, you cannot consistently make money selling coins for the same grade as you buy them."

What do we mean by this? Simple. There is little or no money to be made buying a raw ("unslabbed") coin as "MS-65" and then paying a grading company to "slab" (encapsulate) it as "MS-65." Do that kind of thing (buy MS-63 - slab MS-63, buy MS-64 - slab MS-64, buy AU - slab AU, etc.) and you will go broke very quickly, or with "great vigor" as my friend, JFK, would say.

Why? The answer to this question is not only simple, but readily apparent to even the most lazy pair of eyes. Simply pick up any current copy of the "Blue Sheet" (Certified Coin Dealer Newsletter) and compare it to any corresponding copy of the "Gray Sheet" (Coin Dealer Newsletter). What do you see? ... You see that raw coins basically list for the SAME as slabbed coins in the equivalent grade. In other words, an "MS-65" 1878-S Morgan dollar lists for "\$226" in the "Blue Sheet" and "\$220" in the "Gray Sheet." There is not a 20%, 30%, or 40% difference.

To a dealer, there is little to no incentive in buying a coin for \$200 or \$220, adding a \$20+ or \$40+ grading fee, shipping it off to commercial limbo for two to four weeks, only to sell it to you at the end of the ordeal for \$226 - \$245 (even if you would pay the "premium," which in most cases you wouldn't). Of course, the grading services know this, so in order to coax their dealers into spending literally tens of millions of dollars on grading fees, what did they do? Simple. They graded for the money.

Wouldn't you?

Oh, no, you say? I wouldn't do that, you say?

Perhaps George Bernard Shaw had the best handle on reality when he said, "Virtue is insufficient temptation."

After all, call a nice MS-65 an "MS66," and I'll send you 100 coins at \$20 each for "grading." Call a not so nice MS-64 an "MS-65," and I'll send you 1,000 more coins at \$40 each for "grading." It's a very simple procedure. Call it "commercial grading" if you will, but learn to recognize the drill. In the majority of cases, the slabbed end product is typically at least one grading point higher than the raw grade. Now substitute the word

"retail" for the word "slab," and the word "wholesale" for the word "raw." Sound familiar?

Obviously, not all slabbed coins are overgraded or overpriced. Personally, I have seen my share of undergraded, correctly graded, and overgraded slabs. The trouble is that virtually all of the undergraded and most of the correctly graded coins get cracked out and resubmitted for a higher grade.

OK, OK, I know what you're going to say now. I'm full of baloney because in the past you purchased "raw" coins from dealers and got royally threaded. You trusted XYZ or ABC dealer, and they sold you a bunch of overgraded crap. In fact, they turned your \$10,000 portfolio into \$3,000 in three years! The coins you purchased as "MS-65" turned out to be at best "MS-63," and in most cases, as low as "MS-60" and "AU." At least with slabs, the coins you purchased in 1987 as "MS-65" are still "MS-65" today!

First of all, you won't get an argument from me in respect to the overgrading of coins before slabs came into being. In fact, no matter what the "industry" did to you, after 20 years of being a dealer, I have seen worse. Please, save the story of your little numismatic skirmish for someone who has not waded through the total carnage of an atomic portfolio blast. Perhaps they won't be as jaded as I. The real victims of overgrading and overpricing are no longer with us. They have been bombed right out of the coin world. They didn't feel like sticking around to read this article.

However, just because someone sold you a bunch of overgraded raw coins does not mean that slabs are "properly graded" and/or represent value for your money. If you don't believe me, crack open every one of your slabs and try to sell the coins. I'm sure that most will agree that they have to be sold, on the average, for at least one grade lower than what the slab insert originally stated.

In most cases, you would be forced to sell your coins for a tremendous loss.

Therefore, it is logical to assume that, if you "lose" at least one grade when you break a coin out of a slab, you will also "gain" at least one grade when you pay to have a coin placed into one. This is how the majority of money was made with slabs. There was a tremendous financial "boost" realized after the raw-to-slabbed conversion process for the majority of pieces.

It doesn't matter, you say? Who cares if the coin is overgraded, as long as the system honors the slab's "guaranteed grade"? Well, my friends, here is the basic trap with slabs. The grade of the coins, not the value, is the thing that is guaranteed. Zap ... they got you!

In the old days, when dealers didn't wish to

buy back their coins or honor another dealer's portfolio grading, they often stated, "Gee, I'd love to buy these coins as MS-65, but the grading has changed!" and/or "I'm sorry, but these coins are overgraded. XYZ Company screwed you. You should have bought the coins from me."

Of course, with today's slabs, the dealer can't hand the customer these old excuses. After all, with their "guaranteed grades," PCGS and NGC have saved you from that fate. You are being protected, right? Well, yes and no. Yes, the grade is guaranteed, but no, you are still going to lose your shirt.

How?

Most retail consumers make the mistake of thinking that grade and value are interchangeable. That's not true at all. If you sell people a bunch of "guaranteed grade" MS-65 Morgan dollars as investments for \$500 - \$800 each and you don't want to buy them back, what do you do? If you are one company, you go bankrupt. If you are an industry (i.e. sight-unseen trading group), you bankrupt the coins.

"Okay, you want to sell your MS-65 Morgans back to me? No problem, I'll pay you today's going rate for guaranteed MS-65s ... \$250 each!

"You still want to sell them back? Well, no problem! I'm now paying \$125 each for guaranteed MS-65's.

"You paid three and four times that? Gee, I'd love to pay you \$500 or \$600 each for your Morgan dollars, but the grading, excuse me, I mean the market has changed," and/or "I'm sorry, but these are overgraded, excuse me, I mean generic coins. XYZ Company screwed you. You should have bought your coins from me."

Sound familiar again?

Remember, a slab and its "guaranteed grade" does little to "guarantee" you value when you buy or sell your coins.

If I may digress a moment, I would now like to explain what I mean by "you will gain at least one grade." Although, in the beginning, I think the game plan was to bump the coin by only one grade (or point, i.e. MS-63 to MS-64, MS-64 to MS-65, etc.), they ran into trouble with nice AU coins. After all, few experts will disagree that an AU-58 \$5.00 Indian gold coin displaying completely original surfaces and exhibiting just a hint of wear, possesses far more eye appeal than a mint state coin which must be truthfully graded "MS-60" due to a deep gash on the focal point of the coin ... the Indian's cheek!

What's a grading company to do? Even the most dull-witted investor will notice a large, detracting mark on the face of a coin! Therefore, it isn't a good idea to slab the AU as "MS-60" and the "MS-60" as "MS-61." Although the investor most likely will

not recognize the slight wear on the AU labeled "MS-60," he is definitely going to notice the large bag mark on the MS-60 labeled "MS-61." Comparing the two, a logical question would be, "Why does the MS-60 look better than the MS-61?"

To avoid this tedious situation, nice AU coins are generally slabbed as "MS-62" and "MS-63." Therefore, you run into many instances where AU coins are elevated in slabs by three or four grades.

To further illustrate my point, we only have to look back a year or two ago when various grading companies were at war with each other to capture as many grading dollars as possible. During these times, it was not an uncommon feeling within the dealer community that some slab companies would periodically "loosen" and "tighten" their grades. I call this "grading fee greed."

A slab company would become very liberal (1.5 points to 2 full points overgrading instead of the standard 1 point) in order to woo those extra grading dollars. When the "sight unseen" market would get flooded with these particularly brutal coins, they would begin to "tighten" their standards to discourage submission of the series under fire. This protected their spiritual guides or "sight-unseen market-makers" whose job it is to lead the faithful to the Happy Hunting Grounds of coin investments. Without the market-makers, there is not only no market for slabs, but even more importantly, no reason to pay grading fees ... a nasty problem we shall discuss later.

We also have a case where many coins have been resubmitted so many times that they now display their maximum grading potential. In other words, an exceptionally flashy Monroe with beautiful iridescent toning comes back from the slab factory as MS-64 because of bag marks. Due to the big spread between MS-64 and MS-65, the coin is resubmitted, under different market conditions, a number of times. Finally, during a "hot" commemorative market, the piece is resubmitted for the fourth time at a major show and comes back "MS-65." Result = maximum grade potential.

Why do slabs seem so familiar to me?

In theory, slabs are really one big "guaranteed buy-back" scheme just like the smaller, individual marketing promotions run by some numismatic investment houses in the early 1980s. The concept was basically the same ... tell the "investor" to buy \$50 coins for \$150, because they have a "guaranteed buy-back." In other words, "I personally guarantee to buy back these coins for the same grade as I sold them, so help me God," signed your faithful serpent, "Pat Promotion," Archbishop and President of The Promotion Investment Group, herein known as P.I.G.

Actually, so many investors had been burned in the 1979-1980 market by overgrading that this new marketing method proved to be quite popular. Unfortunately, people tend to overlook the simple fact that nothing can replace your own personal knowledge when buying coins. You can't exchange knowledge for a retail marketing ploy and expect to come out ahead.

The "sealed holder" idea was nothing new. It's simply a marketing ploy that was originally hatched along with the guaranteed buy-back. After all, it was the only way an investment house had of knowing that it had to pay \$125 for a \$50 coin. Therefore, the great misconception developed that your numismatic investment house was working on a mere "20%."

"Yes, friends, I am buying all MS-65 dollars (that are in my sealed holder) today for \$125 and selling them for \$150."

Wow, what a guy! And his grades are guaranteed, too! Skip buying that C.D., I'm giving all my spare cash to Pat Promotion.

First of all, the "guaranteed buy-back" sported the ultimate escape hatch in the respect that it was simply backing the "guaranteed grade" of the investment and did not guarantee you value for your money when buying or selling the coins. Second, this didn't mean too much, as it really didn't matter if the coin was overgraded or not. As long as the dealer's promotion was up and running (i.e., he was buying, and his checks were still good) and YOU DIDN'T REMOVE THE COIN FROM THE SEALED HOLDER (sound familiar?) you could, in fact, sell your coins for the promised grade at today's rates ... sight unseen (sound familiar again?).

Of course, although there was a 20% spread (i.e., buy \$125 - sell \$150), this seldom translated to a mere 20% gross markup for the dealer, as his inventory pool was constantly being polluted by outside forces. Therefore, for every ten pieces he was forced to buy back at \$125 each from his investors, he offset this by purchasing 50 additional pieces (a.k.a. "raw," sound familiar?) on the commercial marketplace for \$50 each. He then placed these raw coins into his sealed holder and sold them for \$150 each. This gave the dealer a cost average of \$62.50 per coin, something he could live with in the markup department. Although his buy/sell spread was certainly a mere 20%, the balance sheet showed almost 150%.

Thus, simple "cost averaging" allowed the dealer to drive a Mercedes to work instead of taking the bus. Of course, his "investors," who were otherwise very logical people (?), refused to see the truth apparent. Under normal conditions, they would refuse to believe that any retail business

could work on a mere 20% gross profit (before expenses!). Unfortunately, the act of coin investing is seldom conducted under normal conditions, and these people were told what they wanted to hear, so they happily parted with their money ... in droves.

For awhile, the guaranteed buy-back schemes of the early 1980s worked quite well, and the participating investment houses established a very impressive, not to mention extremely loyal, customer base. As one might well imagine, investors were in love with their "paper profits" (usually in the form of steady "+" signs littered across each subsequent issue of their investment house's buy/sell newsletter) and jealously guarded their existing portfolio while wishing they had been smart enough to invest ten times as much as they did.

Then the problems began.

Since the last thing any of these investment houses wanted to do was buy back \$50 for \$125 (they were much more interested in selling them for \$150), they raised their buy price to \$175 and sell price to \$210. Along with frantic promises of "even greater profits to come," this illusion sparked the greed of their investors and convinced the majority of them to hold onto their coins. In the coin business, inactivity breeds contempt, so it wasn't long before the dealer was forced to raise the buy price to \$200 ... then \$225 ... then \$250 ... then \$300 ... and then one fateful day everyone work up to a \$500 buy price.

Although, through various marketing hocus-pocus, you can convince many investors not to sell their holdings, getting them to buy more (average up) is not an easy thing to do. Most people do not have that much faith in the product and/or only have so much money to spend. Remember, the dealer never advises the client to sell back the same coins he sold him. The only advice is to "hold," "buy more," or "hold and buy more." Therefore, you constantly need a new supply of investors and their money to keep the promotion alive and well.

Time passed, and things got pretty grim for the "guaranteed buy-back" dealers. Little new money was coming into their marketplace, and more and more people were defecting by selling back the coins. Obviously, these investment houses couldn't work on a 20% gross profit for real, so many of the large firms started to encounter financial difficulties.

Then along came slabs.

It is my sincere personal belief that slabs were created strictly as an emergency measure to save a few of the large investment firms from collapsing under the financial weight of their guaranteed buy-backs. That's it, period. Any desire to "improve the marketplace for investors," "bring

grading to a higher level," "protect the consumer," and/or any number of lofty ideals are strictly BS, or a wishful secondary fallout of the main scam.

The main reason why slabs were created was to save a few investment houses from going into the financial shredder. Slabs were a joint effort to share the burden and prevent these firms from imploding from their own buy-backs.

It worked.

Well, at least for awhile.

In the beginning, most dealers jumped at the chance to become an "authorized dealer" in PCGS, NGC, and/or ANACS "Cache" (still ANA-owned in those days) coins. For awhile, everybody, yes, even nitwits, were making money slabbing raw coins and selling them to the investing/collecting public.

As an interesting side note, slabs were even responsible for creating an entire new species of coin dealer! Although the possession of a medium-range IQ or a matchbook degree in business administration have never been strict requirements to becoming a "numismatic investment counselor," slabs spawned a particularly annoying strain of moronic dealer. These are some ex-investors from the early 1980s who became dealers in order to get out from under the terrible mistakes they made as retail consumers.

Slabs removed a major obstacle preventing the ex-investor-turned-dealer from selling rare coins to the general public. No longer did the dealer have to appear competent. In the investor's eyes, everyone clutching an MS-65 Hawaiian slab to his/her breast was now equal. Here again, the slabs replaced knowledge. Not only for the investor, but for many dealers, too!

It mattered not that your dealer didn't know how to find the Hawaiian Half in the Redbook or, as I heard one "numismatic counselor" say, "This is a stunning example of the Hawaiian. Notice there isn't a bag mark on Washington's face." What was important was that the coin market was definitely on the upswing, and this dealer had the kindness and foresight to sell you an "MS-65" Hawaiian for 15 "g's."

What a country.

So much money riding on Washington's nose, and you don't even realize your goose is Cook.

I'll never forget how I first met two of today's slab dealers. I was visiting a table during a large California show, and a fellow dealer asked me if I could "help out" with a dispute. There were two "collectors" (they were retail in those days) who saw a "problem" on a coin they were sold. The dealer wanted my opinion added to the stew. I hate getting involved in this form of torture, but since the dealer was a friend of mine, I looked at the

coin.

"Okay," I said, picking up the specimen in question. "What am I supposed to see wrong with the coin?"

"A very long scratch," neatly replied the more articulate of the team.

After a careful search of the surfaces of the coin, I simply could not locate a scratch, long or otherwise.

Now I needed help and asked, "Where is the scratch located in relation to the big die crack?"

"What's a die crack?" replied the collector.

Case closed.

Now, in all honesty, that kind of ignorance really isn't a mortal sin. Hey, you can't always know everything, even if it has been explained to you a dozen times or so. It was simply a case of these two retail collectors not being able to understand the nature and appearance of a large die crack. That's not too bad, really. Unfortunately, less than two years later, they were acting as "brokers" for a "big time investor," purchasing slabbed coins for him theoretically worth tens of thousands of dollars.

Rule #37. "You shouldn't crawl out of a cave and into a space ship."

The trouble with slabs, or perhaps more aptly put, their ultimate flaw, is that they have turned the dealer into the ultimate retail sucker. Let's face it, there is fundamentally something very wrong with a system which allows you to sell \$50 coins for \$500. Therefore, as a dealer, how can you expect to "support" this incredibly corrupt system and not go broke in the process?

Yes, as long as the industry was able to constantly cost average down by converting raw coins into slabs, it was able to financially support the illusion of "Wall Street style trading," along with its narrow margins and sight-unseen bids. Forced to buy a \$500 coin for \$2,000 just because it's in a slab? No problem. Four coins you bought for \$500 each just came back in today's mail from the slab factory as \$2,000 coins, so you can bring down your average.

Around, around it goes. Where it stops, nobody knows.

Well, it's not quite the perpetual motion machine it's cracked up to be.

First, you run out of collectors. Then you run out of investors. Then you run out of customers. Then you start selling to each other. Then you run out of raw coins. Then you run out of money.

One morning, you're broke, and nobody loves you.

All because you forgot Rule #1: "As a slab dealer, you cannot consistently make money selling

coins for the same grade as you buy them."

Once the coin is in the slab, it is no longer a profitable medium. You can't make money buying a slab for \$1,000 (sight-unseen bid price) and trying (or make that begging) to sell it for \$100 over "Blue Sheet" to some retail mark for \$1,200. If you think that's bad, what happens the following week when it drops to \$900?

Right now, we have about 1/3 of the dealer population going broke, if they aren't there already, because they believed in their own baloney. They are attempting to buy/sell coins into and from a system that just doesn't work.

What's the answer?

Wall Street money?

A new trading system?

A "Purple Sheet"?

An industry "watch dog" group?

Nope.

The answer is simple. Around 3,000,000 coins have to be cracked out.

You heard it here first. The only reason why it hasn't happened already is that the "industry" doesn't want to take the resulting financial hit. In other words, the dealer population is holding too many slabs. If you (a.k.a. "collecting and investing public") were holding all the slabs, the plastic would have been cracking all over this great land of ours a year ago, but the dealer population doesn't want to take the tremendous loss.

It's a Mexican stand-off.

Door #1 ...

Take those coins out of their holders and bang! \$500 MS-63 Columbian half dollars become \$20 and \$30 coins again. \$110 MS-65 Morgan dollars are worth \$10 or \$20. You might as well dip that \$7,000 MS-67 Barber half and sell it for \$600, as nobody believes the color now, and it's in a slab. In other words, the value of your inventory instantly plummets to a fraction of what you paid for it. Most dealers would not walk away from this alive. You could draw a big line through 2/3 of the professional population.

Door #2 ...

Keep supporting the present system. Keep pouring money into a black hole. Keep buying coins and scrambling to work on 10%. Keep watching the value of your inventory drop along with the market on a monthly basis. Keep taking checks that you know are probably bad just to make a sale. Take everything you have and watch it slip slowly down the drain ... 5% at a time. Death by attrition.

Door #3 ...

Something else. Exactly what, I haven't the foggiest idea, but don't worry, I'm sure a lot of people are working on it.

What does this mean to you?

I don't know. Only you can answer that question. What do I suggest? If you are collector holding slab coins and aren't 100% happy with them as "raw" examples, you'd better sell them now. If you are an investor holding slabs, get rid of them and put what little money you have left in a good bank. Today's losses will seem very small compared with those of the future. No matter what the industry does, it will not be able to save your back-side. Exactly how much you lose now depends on you.

Personally, I'm going to miss slabs from a commercial standpoint. I found the raw-to-slab conversion process very profitable. Unfortunately, I also found it very corrupt. I guess there will always be something wrong with a license to print money. It shouldn't have been that easy.

Before I leave you to your own thoughts, I have one final observation ...

"Millions of dollars were made putting these coins in plastic. Millions more will be made taking them out again."

"YOUR TURN"

Editorial Policy: All letters sent to NCCA will be considered for publication in "Your Turn" unless a writer asks that his/her letter not be published. In keeping with NCCA's commitment to member privacy (and as confirmed by a recent survey of NCCA members), letters will be published without names unless the writer gives written permission to use his/her name.

"Since I have read your uncensored version on consumer education [Issue #2 of The U.S. Coin Collector], I know you speak the truth, and I am finally getting the big picture.

"If I understand, high grade common coins don't have a collector base. Investors selling to investors will crash the market. I was buying uncirculated Morgan dollars, Franklin halves, Mercury dimes, etc. Then I thought it would be better to form a type set of EF to AU coins (the best I can afford on \$100 to \$150 a month). These are also common coins and grades, so I won't do any better financially.

"Even if I am very knowledgeable and buy accurately-graded coins for a fair price, dealers will only pay about 50% of retail when I resell. A coin would have to double in value just to break even.

"So now I don't have a collecting plan! I can't afford to lose 50% even though I love collecting, studying, and handling coins.

"I have been reading how to tell Mint State from AU and honestly can't figure out how. Should all Mint State coins show lustre rotating around the coin (cartwheel lustre)?

"I know that cleaning takes away this rotating effect. Grading guides also state that the lustre will roll over the high points, so it's easy to tell a weak strike from wear. However, it's hard for me to see lustre rolling over high points on coins that I know to be Mint State."

[Editor's Response: Two interesting questions. Related to the "what to collect" one: "Collect for fun; the profit will take care of itself." This was an oft-quoted phrase from the 1950s through the 1970s, and, for all intents and purposes, it was relatively true.

Since 1980, however, the phrase has needed some refining: "Collect for fun; there may or may not be any profit." That is, I strongly suggest that, if you are involved in numismatics, you do it for fun. If you want to make money, find a lucrative career, become a professional stock investor, or rob banks.

Look at some other pastimes: skiing, boating, woodworking, whatever. People do these for fun. They spend discretionary funds and expect no financial return. The only money they expect to make is when they sell their used skis, boats, or tools (at a financial loss) in order to purchase new equipment. This is much the same as coin collecting, in that coin dealers, like boat, ski, and tool dealers, sell retail and buy wholesale (regardless of what they tell you). However, in some cases, you may actually break even, or possibly make a profit, when you sell your coins. This takes place only if and when demand for the coins you have begins to outstrip supply. (Otherwise, the only "profit," if any, will be on paper: inflation profits.)

Here's what I suggest:

1 - Obtain a copy of Breen's encyclopedia. Spend several nights paging through it and studying all the various series and individual coins. Get some ideas of what might appeal to you.

2 - Next, pick up a recent copy of the Redbook and get a feel for the prices of the coin series that interest you. (Don't be afraid to collect in VF or even VG. It can be a lot of fun for not a lot of money!)

3 - Then, visit some local shows and examine the coins that you've narrowed your interest to.

4 - Once you've select one or more series, begin to specialize with education! Join the appropriate specialty club(s), pick up a copy of NCCA's Monograph #1 (Numismatic Literature), and purchase the books that deal with your specialty area.

Before you know it, you will be having more fun than you can ever imagine.

On to the second question - MS vs. AU. It is extremely difficult to tell in some cases. Many AU-58s can easily pass for MS coins, because the wear is not at all noticeable. Another problem you will run into is the issue of "cabinet friction." This is the wear that occurred on coins in the "old days" when collectors kept them in felt- or satin-lined drawer cabinets, and the coins slid back and forth. When you buy coins with signs of slight wear, dealers will often tell you, "It's Mint State. That wear is just cabinet friction." However, of course, when it's time to resell, the statement will be: "That's an AU coin."

For further complications on the difference between AU and MS, see Ray Mercer's lead article in this issue.

So what's the solution?

First, ask yourself: "Why do I really care if a coin is AU or MS?"

If you're seeking rarity, rather than high grade, then AU coins are quite acceptable. In fact, an AU-58 coin is one with outstanding eye appeal and a little bit of wear. An MS-60 coin is, technically, uncirculated, but looks like it's been through World War II (nicks, scratches, weak strike, washed out lustre, lousy toning, etc.).

My policy has always been to pay no more than AU price for any coin. If I can afford to buy a coin in Mint State condition, that tells me the coin I'm buying is very common, in which case I'm not interested in it. I'm much more intrigued with scarce or rare coins that are sensibly priced in circulated conditions.

Once, for example, I saw an Early half dollar being offered at auction in "MS-62" grade. It was being sold by a scam auction house that overgraded almost all of their coins. The wear on this coin was so obvious that you could even see it in the photo! It was, no question, an AU-55 coin.

However, the auction house, being ignorant as well as crooked, never bothered to attribute most of their coins. It was being sold as a "generic" date, but I was able to identify the coin by the photo as a very rare die variety.

Since I needed that particular very rare die variety for my collection (I'd been looking for such a coin for three years, without success), I bid AU price on it (about \$400). I won the coin. Why? Evidently, everyone else looked at it, too, and realized it was AU, so didn't bother to bid. However, none of them took the time to attribute the coin and realize that it was a very rare die variety.

Bottom line: I purchased a coin at AU price that was worth several times its price, because it was a very rare coin.

"I almost let my ANA membership expire, because I was not getting much from The Numismatist, and I didn't attend any of their functions. However, I have discovered their library. One of my collections is world coins and currency dated 1948. I have the Standard Catalog of World Coins, but at \$40 a pop, I don't want to buy a new catalog every year just to update one date. So I borrow each year's catalog for \$4 postage and save about \$35. Dues are \$26, so it's definitely worth it.

"I think you should charge postage both ways for the NCCA library. That way, there is no drain on funds.

"I was also thinking you could estimate how much it would cost to print and mail The U.S. Coin Collector for the next 20 years, add about \$100 to \$150, and call it a life membership, like the ANA. Then you could use the add-on amount to purchase books for the library.

"Now for my last point. How about a survey question among members regarding foreign coins? I get the feeling you are anti-foreign, and maybe some of us would appreciate a small section in The U.S. Coin Collector for foreign. After all, "U.S. Coin Collector" can be interpreted in two ways: collectors of U.S. coins, or U.S. collectors of coins. Well???

"That's all I have except I think you are doing a wonderful job at no profit to yourself. I don't think the members would mind if you took a couple of bucks from the fund and took your wife to dinner."

[Editor's Response: The NCCA Library will charge postage both ways, in that members will be expected to enclose a check for the cost of the one-way postage from NCCA to them when they return the book. In addition, of course, they will be paying the postage to return the book(s). As such, it will be two-way postage paid by members.

Life memberships? Maybe some time in the future when the direction, size, and expenses of the NCCA become more predictable. At this point, we are small and growing slowly (on purpose). Life memberships at this point might be a bit premature.

As regards foreign coins, I apologize if I ever gave the impression that I am "anti-foreign." When it comes to numismatics, there are only two things I'm "anti": dishonesty and ignorance.

The reason I don't include foreign coins in the NCCA is the same reason I don't include paper money, tokens, ancients, exnumia, etc. There simply is not enough room in the pages of our journal to do adequate justice to these other areas of the hobby. Even now, I could easily fill 24 to 28 pages of each issue of our journal with just material on U.S. coins and collecting. My backlog of articles,

columns, letters, and other worthwhile information is staggering. However, if we ever get to the point where we expand substantially and have a large journal, then, certainly, world coins will become part of our domain. (By the way, I was born and raised in Canada, and my ancestors are from Europe. I grew up collecting "foreign" coins.)

Finally, thanks for the offer to take my wife to dinner, but that's not what NCCA funds are for. When I began NCCA, it was with the idea that it would pay for itself, but no profit. I don't want to make any money on it, because I do this strictly for fun. Running this club is my hobby, and the enjoyment, friendships, and learning experiences are sufficient reward. As long as it doesn't operate at a loss and force me to contribute my own money, it's fine. The current structure is set so that the club basically breaks even.]

"First the good news. On May 1, 1991, at 2:02 PM, Michael Francis Brodniak was brought into this coin collecting world, being a full seven pounds exactly and 21.5 inches. He is absolutely beautiful! (A photo is enclosed).

"Now, the bad news. I hope you can publish this letter as an 'open letter' to the membership. As a long time spectator (one who sat on the sidelines and watched the others do the work and make the contributions), I now realize why the majority of people are spectators. By opening yourself up and applying your personal expressions, you make yourself a target for criticism. While I am not unaccustomed or afraid of criticism, I am surprised of the closed minded disposition of some fellow members.

"A recent policy question was raised with regard to the continuation of numismatic poetry and parodies. As a major contributor of such editorial content, I am voicing my opinion to the membership and the complainants. I believe that the NCCA stands for communication and expression of its membership.

"I myself collect Bust halves almost exclusively, yet I am not suggesting that articles on large cents or Mercury dimes be deleted.

"While I am not a professional writer and do not claim to be one, I am personally hurt by this complaint. I understand that I have made myself a target for the armchair critic, and I accept that. What I will never forget are the wonderful comments made by a few fellow members which appeared in recent issues of The U.S. Coin Collector that completely filled my heart with delight! If the membership agrees that my contributions are just a waste of space, I will be more than happy to stop contributing. But, if the decision is to the

contrary, I assure you that I will continue to submit my input for your enjoyment.

"The NCCA is a diverse organization that has a focus on U.S. collectible coins. It is a people club, so let's keep the people's thoughts and input a part of it. There are plenty of impersonal associations out there already!!!

"Thank you for putting it to a vote, Bill, rather than just discontinuing it. Let the membership decide!" (Bill Brodniak)

Editor's Response: Thanks for the news and photo of your first-born, Bill! Having talked to you on the phone and corresponded by mail, I know you've been excited about your impending fatherhood.

On to your salient point. First, please don't take the request to have your poetry deleted personally. I'm sure that the members who don't like it are not making personal attacks on you.

My perception of the issue is this: Our journal is frustratingly short. As I mentioned earlier, I could easily fill 24 or 28 pages each issue, but there is just not enough space. To increase the number of pages would increase the cost of printing and the cost of postage. The only alternatives seem to be: offer paid advertising, raise dues, send the publication out "junk mail" rate and risk having it not delivered to a lot of people, or find someone who will print the journal for free. None of these seems plausible at the time, but the topic will be put to a vote in the future.

I have received negative comments on other sections of the newsletter - ones that I have created (such as "Did You See...?"). I didn't take the complaints personally. What I perceived the members to be saying is, "We value every inch of space in the newsletter, and we don't want to waste any of it."

This turned out to be the case with "Did You See...?" in that members voted to keep the column, but to have me reduce the "white space" surrounding it. They wanted the information, not the aesthetics, and I can see that point of view.

More than likely, I am to blame for the suggestions that your poetry be dumped. You provided the material in a beautiful format, and I printed it "as is," which took a whole page. Perhaps, if I had condensed it to small type with no "white space," these comments would not have been made.

In any event, the voting is in (as you will see in the "NCCA Survey" section later on), and the poetry and parodies will stay (11 "keep" and 5 "dump," with most of the "keep" voters saying, "cut out the white space").

My intention was not to put you up to ridicule by raising the survey question on poetry and

parodies. It was simply my commitment to constantly monitoring member interests. I want to fine tune this journal to have exactly what members want in it - no more and no less. As such, everything goes on the "chopping block" at one time or another - and it has nothing to do with personal attacks.]

"I received your latest issue and was most impressed by the articles and format. Also, thanks for the mention of the Society of Silver Dollar Collectors. We are a small but very active group.

"You asked for an explanation of the rarity ratings relative to the 1888-0 VAM 4 Morgan dollar - "Hot Lips" variety. You quote three sources of information:

"Walter Breen in his encyclopedia indicates it is, in his opinion, an R6 - very rare with 13 to 30 specimens in existence. I've personally handled at least 25 myself, and am aware of at least an equal number in the hands of a few other VAM collectors. The finest known to me grades Choice AU, and most grade Good to VF. A genuine BU specimen may not exist. The 'Hot Lips' VAM is a scarce, sought-after variety, which I believe to have a total population of between 150 and 500. In this case, Breen is wrong.

"The second source is the journal of the Society of Silver Dollar Collectors. I wrote the article, so I am in complete agreement there!

"The third source is the VAM book itself. Remember, this book was published in 1976, and a veritable mountain of research has gone into this series since then. The VAM book estimate of several thousand is too high. I'll stick with my estimate of at least 150 but less than 500." (Jeff Oxman, Editor, SSDC Quarterly)

Editor's Response: Thanks, Jeff! You did indeed clear up this issue for NCCA members!

In addition, I received a note from variety expert "par excellence" Bill Fivaz (co-author of the runaway bestseller, The Cherry Picker's Guide to Rare Die Varieties) who states: "Good ol' 'Hot Lips' is scarce in G-VF, very scarce in EF, rare in AU, and extremely rare or unique in Mint State. Rolls exist of G-VF examples." Thanks, Bill! This strongly supports Jeff's estimate.

Bill Fivaz, by the way, will be authoring the lead article in the next issue of The U.S. Coin Collector. It will be an excellent article on "how to cherry pick rare die varieties at coin shows." The information you will learn in this article should more than pay for your membership in NCCA for the next ten years!!

"Byron Weston [Editor's note: In his article,

"Perspectives on Grading," May 1991 Issue of The U.S. Coin Collector] Ignored the fact that the British grading system does include good, incorrectly states the FDC applies only to proofs, and overlooks the fact that, until corrupted by U.S. usage, the British mint used the term 'specimen' for coins from specially polished flans, carefully struck for collectors.

"Properly speaking, of course, a proof is a coin struck to test the dies or the setting of the coin press. Several years ago, Coin World had an article by or about an elderly U.S. Mint employee in which it was related that, when our mint first began producing specimen coins for collectors, the flans were polished by hand, the coins then being struck from new business dies.

"Well, I can't remold the world closer to my heart's desire, although it appears that you are trying with the National Coin Collectors Association. I wish you great success, but remind you that Dr. Heath began The (American) Numismatist to sell his duplicates."

[Editor's Response: Thanks for the updated information on Byron's article. It is much appreciated.

And I didn't know that The Numismatist was begun for that reason. I learn something new every day! That's why I started The U.S. Coin Collector - to learn something new every day!!

"One possible subject for an article in The U.S. Coin Collector, or a request for information, would be the income tax aspect of collecting coins. This subject has been covered well in the literature for dealers and 'investors,' but not for collectors. Collectors are penalized by the tax code when compared to dealers or 'investors.'

"Let's say I'm a collector who sells two collections of coins during the year. With one collection, I'm lucky and receive a gain of \$5,000 over what I paid for the coins. However, the other collection I lose \$5,000 (I receive \$5,000 less than what I paid. It is not at all clear to me how one would handle this according to the tax code. I've studied IRS literature and the two loose-leaf services: Prentice-Hall and the Federal Coordinator.

"I would like to learn what expenses you can deduct as a collector. I was told by one CPA informally that a person almost never admits to being a 'collector' when it comes to taxes."

[Editor's Response: An outstanding question! Is anyone out there an expert in this subject, or able to shed some light on it? As I understand the tax code, if you, as a collector, make money on the resale of coins, you must declare it as taxable income. However, if you lose money on the resale of

coins, you are not allowed to deduct the losses, because they are considered non-deductable "hobby losses." Let's hear from some lawyer or accountant NCCA members, or others who know more about this topic. I'll print the responses in the next issue.]

"Issue #5 is excellent, especially your article, '\$10 a Pop,' which is right on target. The widespread belief that any coin grading below XF is not a 'collector coin' and is a 'dog' nearly ruined the hobby. Coin collecting 1980s style has become elitist due to this mindset.

"Some of my greatest collector enjoyment was in the teens decade, collecting Indian Head cents from circulation, when they were more common than Lincoln cents. I also recall buying 100 Large cents for \$5.00 total postpaid from B. Max Mehl, keeping the ones I wanted and selling the rest at 25 cents each for 'pocket pieces.'

"The biggest thrill of all was buying type coins by mail from William Hesslein of Providence, R.I. Photocopies of some pages from his 1918 catalog are enclosed to show attractive prices. I still have most of these coins." (Raymond Williamson)

[Editor's Response: Thanks, Raymond! Here are some of the prices: 1815/2 half dollar (XF) \$6.25; 1897 Morgan dollar (Proof) \$1.35; 1793 Chain cent (VG) \$18.75.]

"THE EDITOR'S DESK"

NCCA member and Bust coinage specialist, Jules Reiver, sent us some information on a new variety of 1821 quarter (designated B6). Jules writes:

"On April 1, 1991, Charlton Meyer sent a new variety of 1821 quarter he had purchased. It has the following:

"Obverse - The obverse die is that used for 1821 B1 and B2. Star 7 points to the turban, the only 1821 obverse to do so. There are two heavy points, one to the right from the bottom of the bust over the left side of the 8, and the other pointing up to the right from the curl left of star 12. Star 1 points between two dentils; star 7 to the upper part of a dentil, and stars 8 and 13 to the lower parts of their dentils.

"Reverse - In the value, the bottom of the 2 is straight, and the top of the 5 is curved, both the same as all of the other 1821 reverses. There is a great difference in the fifth talon (counting from left to right). Starting with the die used on 1820 B1 and 1821 B2, and on all the dies after, the fifth talon broke at the bottom arrow shaft, and has no point. This one is like the earlier dies, and has a point. The bottom of D1 is below E1, but this is true of half the reverse dies. The most noticeable

difference is the extremely large dot after the C in the value. It is the largest used on any quarter. It is right of the center of C, and almost halfway between C and the lowest arrow head. There is one other difference. From the fourth leaf left of the value, a heavy engravers' scratch extends to the right to a dentil.

"Two examples of this variety are reported, both discovered by the same person. News of additional finds would be appreciated. This example is called VG8, and weighs 98.675 grains, against a perfect weight of 104 grains. This weight is consistent with other quarters weighed. The specific gravity is 10.22, again in line. (Send correspondence to) Jules Reiver, 1802 Forrest Rd., Wilmington, DE 19810."

Thanks, Jules! For photos of the variety, check "Collectors Clearinghouse" in the May 1 issue of Coin World (page 114), as well as "Collectors Clearinghouse" in the June 5 issue (page 98), which gives additional information on the variety.

I'm pleased to report that, as a result of initiative taken by the American Numismatic Society (New York, NY), the NCCA now has a reciprocal agreement with the ANS. NCCA publications (our bi-monthly journal and our monographs) will become permanent parts of the ANS Library holdings. In addition, the ANS will be sending copies of its Numismatic Literature Index to the NCCA for our library. This Index will be available on loan to NCCA members as soon as our library "opens" in September.

The American Numismatic Society is a scholarly body of numismatists who specialize primarily in world and ancient coinage, but who have held a series of Coinage of the Americas conferences in recent years that focus attention on early U.S. coinage. (The COAC proceedings are, coincidentally, featured in "NCCA Book Reviews" this month.)

So you want to learn more about coins, but don't know where to turn? Look no further. Bill Fivaz has the answer. Following up on an earlier introduction to Bill, he is one of the nation's most pre-eminent, knowledgeable, and I might add, friendly and helpful, numismatists you'd ever want to meet.

At his own expense, Bill has put together dozens of slide sets covering almost all aspects and series of U.S. numismatics. He loans these slide sets free of charge (for the mere cost of postage both ways) to local coin clubs around the country to show as part of their educational programs. The slide sets are also available for sale to anyone who

would like to purchase them.

Slide sets cover individual series of coins, counterfeit detection, coins worth cherry-picking, the minting process, die life, overdates, VAMs, Hobo nickels (one of Bill's specialties), love tokens, minting errors, and dozens more.

If you would like a copy of Bill's catalog, write to him at: PO Box 888660, Dunwoody GA, 30338. Those who wish to borrow slide sets free of charge for their local clubs' educational programs should make the requests on their formal club stationery.

Bill hasn't specifically requested this, but I think it would be appropriate that you enclose some return postage if you request a copy of his catalog. This will help him defray some of his copying and postage expenses.

I attended the Central States show in St. Louis a few weeks ago and had the opportunity to see some old friends, as well as make some new acquaintances.

Among these were Brad Karoleff and Dr. Charles Horning, both NCCA members, who were attending from Florence, KY. (Brad penned an article in Issue #5 of The U.S. Coin Collector, "A Fictional Account of a Madman's Search"). He briefly showed me a sample of some of the amazing "research tools" he uses when studying his specialty - Bust halves. One is a series of computer-designed transparency overlays that help to determine die positions (obverse in relation to reverse, and vice-versa) when clashing occurs. Another is a detailed form that allows him to make notes and fill in die characteristics when he sees Bust halves that he doesn't purchase, but about which he wants to record information.

Although Brad is a dealer, he emphasizes that he is, first and foremost, a collector and serious researcher on the Bust half series. He invites other collectors to write to him at 2092 Mall Rd., Florence, KY 41042. "I want to correspond with collectors," he said. "I promise I won't send them my price list unless they specifically request it," he added with a laugh.

And speaking of large numismatic conventions, it's no secret that the American Numismatic Association's (not to be confused with the recently-mentioned American Numismatic Society) 100th Anniversary Convention is coming up in Chicago this August.

If you plan to attend, I strongly urge you to attend the many specialty club meetings that are held annually at the ANA. To date, I have tentative information on the following:

- John Reich Collectors Society
(Wednesday, August 14, 9:30AM - Room 1)

- Liberty Seated Collectors Club
(Thursday, August 15, 10:00AM - Room 1)
- Bust Half Nut Club
(Same time as Liberty Seated,
unfortunately!!! - Room 9)
- Numismatic Bibliomania Society
(Thursday, August 15, 1:00PM - Room 1)
- Early American Coppers
(Friday, August 16, 9:00AM - Room 1)
- Barber Coin Collectors Society
(Saturday, August 17, 8:30AM - Room 9)
- Society for U.S. Commemorative Coins
(Saturday, August 17, 9:00AM - Room 2)

Other events worth attending:

- Numismatic Theatre (a series of educational sessions covering assorted topics). These run every day from Tuesday through Saturday, Noon to 7:00PM(?) in East Ballrooms 22 & 24.
- World Series of Numismatics (a "game show" format pitting teams of the nation's most knowledgeable numismatists against each other). Should be lots of fun. Each evening from Wednesday through Saturday at 5:00PM in East Ballrooms 23 & 25.

Important: Don't write any of these events, times, and places down permanently. They are from the ANA's tentative schedule published in April. Events may change, and new ones will be added. Check the up-to-date convention schedule when you arrive for these and other worthwhile events.

What about the NCCA? We will hold an "open house" in my hotel room on Friday, August 16, at 7:00PM. I'll be at the convention hotel (The Hyatt Regency O'Hare). Just ask for William Atkinson's room number at the front desk.

THIS EVENT IS FIRM AND WON'T CHANGE TIME AND PLACE. (It also won't be listed in the ANA official schedule, so mark it down now if you plan to attend!) If you wish, bring some snacks and the beverage of your choice. It should be a great time, and it will end whenever the last person decides to leave.

In addition, if you want to catch me at other times during the convention (I plan to be there from Tuesday morning, August 13, to Sunday morning, August 18):

- I plan to attend most, if not all, of the specialty club meetings, so look for me there.
- Or feel free to page me on the bourse floor (although I'll probably spend more time in the educational and club meetings than on the floor).

Now some other good news! Ken Bressett, Editor of the Redbook since the early 1960s, has offered to write a regular column for The U.S. Coin Collector. It's tentatively titled "Red Book Responses," and it will begin in the next issue.

Here's the format: Send me any questions you have about the Redbook (how prices are determined, how the decision is made which varieties to include, etc.). I will forward these to Ken, and he will provide written responses. The questions and answers will then appear in the next issue.

Because of the turnaround time involved, I will need your questions by the 15th of the month listed on the journal masthead. In other words, this being the July issue, I will need your questions by July 15 if you want them included in the September issue of The U.S. Coin Collector.

COIN STORAGE AND CARE

Around the time that I was gathering research for an article on safe coin storage techniques (based on the request of several readers), the information I was seeking fell into my lap. Susan Maltby, a Coin World columnist who writes "Saving Money," did a two-part column on the very topic!

Part I appears in the April 24 issue (page 72). Part II appears in the May 29 issue (page 46).

I immediately contacted Susan and Beth Delsher (editor of Coin World) to get permission to reprint her columns in The U.S. Coin Collector. Both of them graciously gave me permission to do so.

Since that time, however, it occurred to me that almost every NCCA member reads Coin World regularly and saw the columns, so reprinting Susan's two columns would be redundant - and would take up a lot of space in the journal.

As such, this will be the basis of one of our survey questions in this issue: Should we reprint the two columns?

In the meantime, here is a sample of reader comments on the subject of coin storage and treating:

- "I use Day Mounts to store inexpensive coins. It takes a new twist on the 2x2 theme, using plastic on the outside and self-adhesive on the inside cardboard. This allows for reuse of the product many times. They are also thinner than conventional staple 2x2s, which is beneficial for the lower denominations. However, they cost three to four times normal 2x2s." (Benjamin Phillips)

- "I put most of my best coins in Kointains. Capital holders are also safe, I believe. Mylar 2x2s seem to be safe as long as you mash down the staples

so they don't inflict damage on nearby coins."

- "Still looking for the perfect holder. Right now, I use 2x2 cardboard holders. However, odd-sized coins slide around. Does anyone offer good holders to the nearest millimeter? I would also like to hear anyone's experience with Eagle brand holders and albums, my next choice." (Byron Weston)

- "I've tried several different holders, but find I'm most satisfied with the standard 2x2s. One of my albums is nothing more than a three-ring notebook with plastic sheets that hold several 2x2s each. For 'special' coins, I use Air-Tite holders. They come in a wide range of sizes and can accommodate U.S. or world coins."

- "I have been very pleased with the Kingswood Holders by Bowers & Merena. I also use Dansco albums for circulated coins. However, with Dansco, I've had problems with the dimes and half dimes slipping out of their slots, and I'm also concerned about slide marks on the coins from the plastic inserts." (Bill Cox)

- "Since I joined the EAC a couple of years ago, I was made aware of the use of cotton liners which fit inside standard 2x2 envelopes. These have worked well for me, and I've heard they are a good long-term choice, especially for copper."

What about coin treatment? Everything I have read suggests that the very best and very safest product is a fluid called "Dissolve." It helps to remove dirt, grime, grease, oil, and most other substances from coins without affecting the actual metal in any way whatsoever. It is not a "dip." (Dips are acids that strip away thin layers of metal from coins.) "Dissolve" is sold by E&T Kointainer, which usually runs ads in Coin World on a regular basis.

"\$10 A POP"

CORONET TYPE LARGE CENTS

The Coronet Type Large Cent is the first series of coins we will discuss in the "\$10 a Pop" article series. (See Issue #5 of The U.S. Coin Collector for the introduction to this series.)

The Coronet Type series runs from 1816 to 1857. Interestingly, there is no overall agreement of how the series should be divided:

- The Redbook suggests:
 - "Matron Head" (1816-1835) and
 - "Young Head" (1835-1857).
- The Redbook "Type Box," however, suggests:
 - "Coronet Head" (1816-1839) and
 - "Braided Hair" (1840-1857).

- Coin World Type Trend Values suggests:

- "Coronet" (1816-1839) and
- "Coronet" (1840-1857).
- Breen in his encyclopedia suggests:
 - "Matron Head" (1816-1835)
 - "Transitional Head" (1835-1839) and
 - "Braided Hair Coronet" (1840-1857).

So what does it all mean? Basically, it means you can collect the coins any way you want. Based on the above breakdowns, you can collect either the whole series (1816 to 1857), or any one of four different sub-series: 1816-1835, 1816-1839, 1835-1857, or 1840-1857.

If you opt for a complete Redbook set, it will consist of 81 coins. All but four of these should be available for \$10 or less in Good condition for the earlier dates and Very Good for the later dates. The four exceptions are:

- 1823/2 (\$50 in Good),
- 1823 (\$60 in Good),
- 1834 Large 8 & Stars,
Medium Letters (\$80 in Good),
- 1839/6 (\$160 in Good).

If you opt for a Breen set (a la his encyclopedia), it will consist of 134 coins. Again, all of them but the four mentioned above should be available for \$10 or less in Good condition, unless a dealer has the varieties attributed by either Breen number (many of which are indicated as rarities) or by Newcomb number.

Newcomb number refers to the reference book, United States Copper Cents by Howard R. Newcomb, which describes the hundreds of die varieties of Large Cents from 1816-1857. If you choose to collect by Newcomb number, you can pick up most of the varieties for "generic" price if you purchase from dealers who don't bother to attribute their coins.

One caveat about collecting by die variety, though: In low grades like Good and Very Good, it is often difficult to identify some of the varieties. As such, you may be limited to major (easily identifiable) varieties.

Still, you can have a lot of fun collecting dozens, even hundreds, of different Large cents for \$10 and under apiece.

Next Issue: "\$10 a Pop: Indian Head Cents"

"COIN PALS"

Would like to purchase auction catalogs, mimeograph sales, fixed price lists, and periodicals of U.S. coin dealers prior to 1970. Please write first for offer - will pay postage. Remy Bourne, 9121 Baltimore St. NE, Minneapolis MN 55434-4397.

NCCA BOOK REVIEWS

AMERICA'S COPPER COINAGE, 1783-1857

1985 / 186 pages / Hardback

AMERICA'S SILVER COINAGE, 1794-1891

1987 / 210 pages / Hardback

AMERICA'S GOLD COINAGE

1990 / 132 pages / Hardback

Coinage of the Americas Conferences (COACs)

American Numismatic Society, New York

This series of books covers the proceedings of three American Numismatic Society conferences focusing on U.S. coinage.

It is important to note, from the outset, that these books are not recommended for beginners or others unfamiliar with the various series covered. The standard reference books for each of the series are first recommended.

The reason is that the articles in these books are, for the most part, extremely technical and detailed in nature. As such, they are very much recommended for the specialist in these series of coins. They provide a monumental amount of original research that is available nowhere else.

Probably the best way to help you determine whether or not the books will be of interest to you is to highlight some of the article titles.

Copper

"Robert Scot's Earliest Device Punches"

"Origins of Edge Lettering on Early American Copper Coinage"

"Emission Sequences of Early Cents"

Silver

"New Varieties of Half Dimes"

"The 'Group Strength' of Dies for Early Half Dollars"

"Edge and Die Sequences on Early Half Dollars"

"'Unheralded' Hub Changes in the Gobrecht Series"

Gold

"A Study of Classic Half Eagles, 1834-1838"

"U.S. Gold Bullion Coins: A Nineteenth-Century Proposal"

The speakers at the COAC sessions (the authors of the articles in the proceedings) are leaders in their fields, and include names such as Walter Breen, Richard Doty, Cory Gilliland, Denis Loring, Eric Newman, Jules Reiver, David Cohen, David Davis, Robert Hilt, Russ Logan, Allen Lovejoy, William Subjack, John McCloskey, Ken Bressett, and Elvira Clain-Stefanelli.

If you consider yourself a numismatist, not just a collector, then these books are strongly recommended.

THE OFFICIAL PRICE GUIDE: MINTING VARIETIES AND ERRORS - FIFTH EDITION

Alan Herbert

House of Collectibles, New York

1991

390 pages / Softback

THE ERROR COIN ENCYCLOPEDIA

Arnold Margolis

(Self-published), New York

1991

372 pages / Softback

Certainly, these two newly-published books are excellent sourcebooks for specialists who collect errors and varieties. However, just as importantly, they are excellent primer books for all collectors, in that they explain the minting process in great detail. Unless and until you fully understand the minting process, you cannot truly enjoy coin collecting to its fullest.

Alan Herbert, a regular columnist for Numismatic News, fully explains how coins are made. He then breaks his work down into five divisions, using the PDS system as the basis.

PDS stands for: Planchet (errors that occur on the coin planchets), Die (errors that occur on the dies used to strike the coins), and Strike (errors that occur during the striking process). The final two divisions are Official Mint Modifications and After-Strike Modifications.

The author winds up a general "advice" chapter covering: how to start, what not to collect, determining genuineness, grading, cataloging, etc.

Arnold Margolis, another nationally-recognized expert, is publisher of Error Trends Coin Magazine.

His book is divided into 51 separate chapters, starting with an explanation of the minting process and continuing through dozens of different error classifications.

He also concludes with a "how to" chapter, which covers storing coins, displaying coins, mailing coins, and a recommended reading list.

Both books are fully illustrated with hundreds of photos, including valuable close-ups.

Given the status of these two authors and their exceptional books, I recommend both highly.

Again, if you are a variety and error collector, both books are required reading. If you are not such a collector, such books are important to your basic numismatic education.

Besides, any errors that you find as a result of the books will more than pay for their cost!

"THE NCCA SURVEY"

As explained in the "Your Turn" section, the issue of whether to continue with numismatic poetry and parodies has been decided. Voting was 11 in favor of keeping it, 5 in favor of deleting it. Also as explained, though, all such future entries will be compressed to eliminate wasted "white space."

A couple of pointed responses, pro and con:

- "Coin collecting is fun. Coin investing is serious. The members who brand numismatic humor as being of no interest apparently are more investor than collector. By all means continue to print poems and parodies. They add a happy camaraderie to NCCA."

- "I've never had any use for numismatic crosswords, cartoons, comics, or jokes. For crosswords, I buy the New York Times. For cartoons, I read "Calvin & Hobbes." For jokes, I call my dad."

On to the second question, relating to "numismatics in the year 2000." Some very interesting responses. Here is a sampling:

- "That's not very far off! I see encapsulated coins being traded quite briskly and more widely than they are now by various Wall Street firms. This will create more collectors, strengthening the hobby overall. Specialized collector clubs will enjoy increasing popularity and membership rolls. NCCA will have 10,000 members. Too optimistic?"

- "The turn of the century will spill over with nostalgia. Anything and everything that may be perceived as old, vintage, or antique will suddenly become popular and "en vogue." Furniture, bottles, Bobby Vinton and Nazareth albums, even original personal computers.

"Coins will receive more than their share of publicity and attention from the general public. 1900-2000 sets and combinations will be very popular, for at least a year, and will outsell any and all previous odd numbered 100-year sets.

"Suddenly, Colonial and Early American coins will be perceived as 'ancient.' This new-found popularity will last into the teens - 20teens that is. Suddenly, prices of these coins will rise 50, 75, 100%. This will last until the Great Market Crash of August 4, 2021 (4:16 PM). Prices will fall instantly to 50%, or about double today's prices - that's 3.3% per annum if you held on (while inflation averaged in the double digits.)"

- "As we approach the millenium, there will a renewed interest in collectibles of all types from the 19th century. The baby-boomers of the late 1950s will be in their mid-40s. There will be abstract wealth to apply to collecting, as these people will grow more nostalgic for links to their grandparents'

past. The coin "Industry" will experience another renaissance. The trigger this time, instead of the discovery of the 1960 Small Date cent, or the bank's release of the 1903-0 dollars, will merely be the portent of a simple digit "2" in the position on a coin's date where the "1" has been sacrosanct!"

Another response - a couple of pages long and set like a stage play - was interesting enough that I will feature it in the next issue of The U.S. Coin Collector.

Survey questions for this issue:

1 - A policy question. Should we reprint Susan Maltby's two columns on coin storage? (Refer back to Page 12, Column 2 of this issue for details.)

2 - Non-policy question. Very few collectors seem to have their families (spouses and/or children) involved in their hobbies with them. While some collectors probably prefer it this way, others would enjoy being able to introduce numismatics to their wives, husbands, and/or children and have them begin to participate to some degree. If you have had any success in this area, share some of your experiences. I'll print them in the next issue.

(Deadline for responses to these questions is July 31, which is when I begin work on the September issue.)

"DID YOU SEE...?"

"Did you see...?" provides a summary listing of articles relating specifically to the collecting and studying of U.S. coins that appear in the four major numismatic periodicals. Numbers in parentheses are page numbers.

Coin World - April 3: Standing Liberty Quarters (22), "Coin Detective" (28), "Collectors Clearinghouse" (82); April 10: "Travelling Collector" (78), Trade Dollars (83), "Collectors Clearinghouse" (90); April 17: Aluminum Trial Dies (23), "Collectors Clearinghouse" (82); April 24: Motto on Coins (24), Quarter Eagles (34), "Saving Money" (72), "Collectors Clearinghouse" (92); May 1: "Boone Commemoratives" (30), "Coin Detective" (46), "Collectors Clearinghouse" (114); May 8: Flying Eagle Cent (32), Quarter Eagles (34), "Travelling Collector" (80), "Collectors Clearinghouse" (98); May 15: Carson City Mint (22), Half Dimes (24), "Coinsumer Advocate" (86), "Collectors Clearinghouse" (96); May 22: Fake Gold Coins (1), Two-Cent Coins (28), Three Dollar Gold Coins (76), "Collectors Clearinghouse" (78); May 29: Commemorative Society (18), Three-Cent Coins (28), "Saving Money" (46), "Collectors Clearinghouse" (104).

Numismatic News - April 2: Coin Care (10); April 9: Variety/Error Book (28); April 16: Obsolete Coin Books (18); April 23: One Cent Coins (1), 1847/7 Cent (10), Large Cents (20), Half Cents (24), Two-Cent Pieces (26), Copper Coin Protection (28), Copper Clubs (30), Lincoln Cents (36); April 30: (none); May 7: "Who's Who" (24), A.M. Smith (28); May 14: Franklin Halves (18), Coin Collars (24); May 21: (none); May 28: (none).

COINage - May 1991: Seated Silver Coinage (8), Learning to Grade (48); June 1991: The Coinage of 1959 (8), Collector With a Microphone (56).

Coins - May 1991: Capped Bust Half Dollars (62); June 1991: (none).

"ODDS AND ENDS"

Literature dealers! Numismatic publications! Specialty clubs! Don't forget to send me press releases or other information on what you're doing! I want to publicize your activities in our journal for our members.

When I was at Central States, O.J. Grady let me know that his next literature auction is coming up, but with a July 10 deadline. If you want a copy of his catalog, it's probably too late to write. So give O.J. a call at 402-558-6782 and ask for a copy if you're not already on his mailing list.

Currently, membership in the NCCA stands at 302. Since we have done so little publicity recently, I'm finding that more of our members of joining as a result of word-of-mouth. Thanks to all of you NCCA members who spread the word!

Future articles:

For a full listing of future articles, see Page 16 of May 1991 Issue (#5).

Since that time, there have been some additions: poetry by Bill Brodniak, parody by Donn Pearlman, and a piece on AU coins by Byron Weston.

Also, as mentioned earlier, the lead article in the September 1991 issue will be on how to cherrypick coins at coin shows by Bill Fivaz.

Finally, this is the end of our first year. When I began the NCCA last summer, I had no idea what to expect. To say the least, I am extremely happy with the way things have been going, and we are moving into our second year in a very strong and vibrant position. A sincere thank you to all of you for your support and encouragement.

"THE NCCA"

The National Coin Collectors Association (NCCA), formed in Fall 1990, is in existence solely to promote and foster education and enjoyment in numismatics. Our focus is on pre-1965 U.S. coins.

Those who are, or who aspire to become, educated collectors of U.S. coinage will profit immensely in terms of knowledge and enjoyment from membership in the NCCA. The depth of one's desire to learn, not the depth of one's pocketbook, is the critical element.

The NCCA operates with no paid staff and no overhead. Expenses are limited to journal publication costs, postage, and other miscellaneous office supply expenses.

The NCCA also exists with no board of governors. All issues of relevance are voted on directly by NCCA members via mail.

NCCA's journal, The U.S. Coin Collector, is published six times per year. Articles are aimed at collector education. The journal, at this time, does not accept any advertising. However, we do accept press releases from reputable numismatic literature dealers, from numismatic specialty clubs, and from publishers of collector-oriented books and periodicals.

Since collectors naturally desire privacy:

- No mailings from the NCCA will identify the contents in any way. The return address on the envelopes will simply read "NCCA" and the mailing address.

- NCCA's membership list will not be divulged to anyone for any reason whatsoever.

Membership in the NCCA is \$18.00 per year, and you are cordially invited to join. If, at any time, you are dissatisfied with your membership for any reason, your full annual membership fee will be refunded.

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Name: _____

Address: _____

City/State/Zip _____

Mail your check for \$18.00 (payable to NCCA) to:
NCCA
PO Drawer 1150
Murphysboro IL 62966

Editor: William Atkinson

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